This document consists of 2 pages Refer to NSC
No. 1 of 2 Copies, Series

SECRET

DEPARTMENT OF STATE

ASSISTANT SECRETARY

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DEC 26 1957

TO : The Acting Secretary

THROUGH: S/S

FROM : NEA - William M. Rountree

SUBJECT: Proposed Reply by President Eisenhower to Letter of November 12 From Prime Minister Kwame NKRUMAH of Ghana.

Discussion:

On November 15, 1957, there was transmitted to the White House a telegraphic copy of a letter of November 12 sent by Prime Minister Nkrumah to President Eisenhower. Nkrumah's letter, a copy of which is attached (Tab C) specifically requested financial support from the United States Government in the building of the Volta River Project in Ghana. This Project is an extensive hydro-electric scheme which, with its attendant industrial complex, including an aluminum smelter, would cost nearly $900,000,000.

Although British and Canadian aluminum interests hold rights to large bauxite deposits adjacent to the site, these firms have never given firm financial guarantees attesting to their willingness to participate in the development. American aluminum companies (including Alcoa and Reynolds) while expressing interest therein, have, thus far, also been unwilling to provide specific financial support. Although the Government of Ghana has at hand funds acquired from profits of bulk cocoa sales, which could be utilized for the project, these funds would not be likely to exceed $150,000,000. It is clear that in order to succeed, the scheme will require external aid at relatively low interest rates.

An additional complication has been the fact that the matter has become a major political issue within Ghana resulting from promises concerning completion of this project which Nkrumah has made to his people since before independence.

In the proposed Presidential response to the Prime Minister (Tab B) it is indicated that this Government is sympathetic toward the desire of Ghana to develop and diversify its economy, but that concrete assurances of alternative financing for the major portion of the cost of the Volta Project must be forthcoming before the United States can give specific consideration to possible governmental financial assistance. It

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DEPARTMENT OF STATE A/GDC/MR
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It would be advantageous to have our Ambassador to Ghana, Wilson C. Flake, who is presently in Washington on consultation, "hand-carry" the letter. Since Ambassador Flake was not received by the President at the time of his appointment last May, it would also appear useful that the President see Ambassador Flake for a few minutes just prior to the latter's departure for Ghana.

An interim reply to Prime Minister Nkrumah's letter has been made by the White House (Tab D).

Recommendation:

That you sign the attached memorandum to the President (Tab A).

Concurrences:

AF	W	E	U/MSA	U/PR
Mr. Palmer	Mr. Dillon	Mr. Mann	Mr. Barnes	Mr. Buchanan

Attachments:

1. Memorandum for the President (Tab A).
2. Proposed Presidential Reply (Tab B).
3. Action copy of telegraphic transmittal of Prime Minister Nkrumah's letter (Tab C).
4. Reply to Prime Minister Nkrumah's letter (Tab D).

NEA:AFS:WRDuggan:rmcp

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MEMORANDUM FOR THE PRESIDENT

Subject: Proposed Reply to Letter of November 12 from Prime Minister Kwame Nkrumah of Ghana.

I am sending you herewith a proposed reply to the above letter from Prime Minister Nkrumah which requested financial assistance from the United States Government for Ghana's Volta River Project.

Subject to your approval, I should like to suggest that your reply to Prime Minister Nkrumah be hand-carried by our Ambassador to Ghana, Wilson C. Flake, who is now in Washington on consultation.

In view of the importance which the Government of Ghana attaches to this matter, I believe it would help make the Ambassador more effective in Ghana if he were in a position to say he has discussed this matter with you personally. Moreover, since there was no opportunity for you to see Ambassador Flake following his appointment last May, I recommend that you receive the Ambassador for a few minutes prior to his return to Ghana.

Acting Secretary

Enclosure:

Proposed reply.

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12/26/57

NEA:AFS:WRDuggan:[illegible] 12/30/57

Retyped in S/S-RO
12/27/57 & 12/30/57

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Dear Prime Minister:

Since acknowledging the receipt of your letter of November 12, my advisers and I have given the most careful attention to the viewpoints and suggestions which you have advanced regarding the Volta River scheme. As I think you know, this Government has followed with deep interest since their inception the extensive studies which have been made of this challenging project.

I, of course, fully appreciate the importance which you and your Government attach to the need for economic development and diversification in Ghana, and I know that I need not assure you of the friendly and sympathetic interest of the American people and Government. I have had a number of conversations with the Vice President since his return from the Independence Ceremonies this year and he has described to me the hopes and aspirations which guide your Government and people under your leadership. It is obvious that these worthy aspirations can best be realized under the conditions

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His Excellency
Kwame Nkrumah,
Prime Minister of Ghana.

E.O. 12958, Sec. 3.5
NSC Memo, 11/24/98
By DNFd, NARA, Date 12/10/98
E029-46
DFd 2082-38

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conditions of a strong, prosperous and stable Ghana.

As you are aware, we are not only interested in this vital task of Ghana's economic development and diversification, but desire to help in such ways as are within the limitations of our resources and other heavy commitments throughout the world. It has been in this spirit that we have undertaken, at your request, to send a technical survey group to Ghana to examine several specific project fields of potential economic development, the outlines of which have already been suggested by your Government. It is my sincere hope that this team may be able to assist in drawing up practical projects capable of implementation in a manner which will contribute to the diversification which you seek.

In your letter of November 12, you have made specific reference to the possibility of obtaining a loan for the Volta River project from our newly-created Development Loan Fund. In so doing, you have suggested in effect that such an indication of willingness by the United States Government to make a loan might provide the necessary stimulus to bring the scheme to life.

There is no question as to the desire of this Government to be helpful in the economic development of Ghana. At the same time, there are definite limitations on our lending

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activities

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activities imposed by the availability of funds for such purposes. Thus, in the case of a project of the magnitude of the Volta, we would have to have assurance not only that the project is economically and commercially sound, but also that the total financing which would be required to bring it to fruition is obtainable. In this connection it is apparent that the active participation of the aluminum industry and its ability to provide the requirements for the mining and manufacturing part of the project are essential to the success of the total project. I do not know how far you have been able to proceed in obtaining firm indications of intention to participate by the aluminum industry or in obtaining the necessary assurances of financial support from private sources, international institutions and other governments. Until such time as the project may reach the stage where Ghana has reasonable assurances from these sources it is difficult for us to appraise the economic feasibility of the project, particularly in its financial and commercial aspects. When you have these assurances concerning the establishment of an aluminum industry this Government would be pleased to explore further with the Government of Ghana the possibility of assistance in financing a part of the project, such as a portion of the hydroelectric installation.

I hope that the foregoing suggestions may be helpful to you

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to you in your further efforts to interest private enterprise in the feasibility of this project. Meanwhile, I wish again to emphasize our general desire to be of assistance in Ghana's economic development program. If there are other specific project fields of a more limited nature than the Volta Scheme which you believe might be useful for our Technical Survey Group to examine, or should you perceive advantage in a more general survey of Ghana's essential development needs, we would be glad to consider broadening the terms of reference of the Group to make this possible. I hope that you will feel free to discuss any further questions you may have on these matters with our Ambassador to Ghana who is thoroughly familiar with the consideration we have given them here.

Again let me say how gratified I am at the spirit of determination to progress which prompted you to raise this matter with me. You can always be assured that Ghana's aspirations to a peaceful, prosperous and stable development, which is of such importance to its people, to Africa and to the free world, will command the sympathetic attention of this Government.

Sincerely,

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AF:AFS:Palmer:Dolgin:
NEA:AFS:WRDuggan:rmcp 12/30/57

Clearances:
AF - Mr. Palmer
U/MSA-Mr. Barnes
W - Mr. Dillon
ICA - Mr. Van Dyke
E - Mr. Mann

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845J.2514/12-3057 CS/G

MEMORANDUM FOR THE PRESIDENT

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In view of the importance which the Government of Ghana attaches to this matter, I believe it would help make the Ambassador more effective in Ghana if he were in a position to say he has discussed this matter with you personally. Moreover, since there was no opportunity for you to see Ambassador Flake following his appointment last May, I recommend that you receive the Ambassador for a few minutes prior to his return to Ghana.

CHRISTIAN A. HERTER

Acting Secretary

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Rev
Cat 7

Enclosure:

Proposed reply.

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S/S-RO
DEC 30 1957
A true copy of
Signed original

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12/26/57

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John Foster Dulles

Enclosure:

Proposed reply.

NEA:AFS:WRDuggan:rmcp 12/26/57
Retyped in S/S-RO 12/26/57

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Enclosure:

Proposed reply.

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Acting Secretary

Enclosure:

Proposed reply.

NEA:AFS:WRDuggan:mcp 12/26/57
Retyped in S/S-RO 12/27/57 & 12/30/57

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DECLASSIFIED
January 3, 1958

Dear Prime Minister:

Since acknowledging the receipt of your letter of November 12, my advisers and I have given the most careful attention to the viewpoints and suggestions which you have advanced regarding the Volta River scheme. As I think you know, this Government has followed with deep interest since their inception the extensive studies which have been made of this challenging project.

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As you are aware, we are not only interested in this vital task of Ghana's economic development and diversification, but desire to help in such ways as are within the limitations of our resources and other heavy commitments throughout the world. It has been in this spirit that we have undertaken, at your request, to send a technical survey group to Ghana to examine several specific project fields of potential economic development, the outlines of which have already been suggested by your Government. It is my sincere hope that this team may be able to assist in drawing up practical projects capable of implementation in a manner which will contribute to the diversification which you seek.

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Again let me say how gratified I am at the spirit of determination to progress which prompted you to raise this matter with me. You can always be assured that Ghana's aspirations to a peaceful, prosperous and stable development, which is of such importance to its people, to Africa and to the free world, will command the sympathetic attention of this Government.

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AF:AFS:Palmer:Dolgin:
NEA:AFS:WRDuggan:rmcp 12/30/57

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Sincerely yours,

AF:AFS:Palmer:Dolgin:Duggan:jl 12/26/57

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Clearances:

AF - Mr. Palmer W - Mr. Dillon E- Mr. Mann

UMSA - Mr. Barnes RRB cleared in draft ICA - Mr. Van Dyke